

Grants

Budgets, Appropriations, Budget Amendments,
and other pieces of red tape

Made Easy

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Why does my grant need to be in the budget?

1. The State Constitution

- Cannot withdraw money from the treasury without an appropriation
- Budget shall be a “comprehensive” plan of spending
 - (meaning it includes federal and other grant funds)

Why does my grant need to be in the budget?

2. To provide complete information

- ☐ For DBM and the Governor
- ☐ For DLS and the legislature
- ☐ For citizens and stakeholders

How do I get my grant into the budget?

1. Legislative budget process
2. Budget amendment process

The Budget Process

Reminder: The 2 most important things about the budget

1. It has to be balanced
2. The legislature cannot add or transfer appropriations, but can only reduce or restrict appropriations

Budget timeline

- June
 - DBM (usually) issues budget instructions and targets
- Aug. 31
 - Agencies submit budgets to DBM
- Sept. – Nov.
 - DBM analysis
 - executive branch hearings
- Dec.
 - final revenue estimates
 - Governor decisions
- Jan
 - budget introduced
- Feb. – March
 - General Assembly hearings
- March-April
 - General Assembly decisions
 - budget enacted
- July
 - fiscal year starts

Fund Types

☐ Appropriated

- General
- Special
- Federal
- Higher Education – *won't discuss today*

☐ Not appropriated

- Reimbursable
- Non-budgeted – *won't discuss today*

General funds

- ❑ From general tax sources
- ❑ For general government functions
- ❑ Largest fund source for MOST agencies
- ❑ Cannot be added by budget amendment
 - Can be re-allocated within a financial agency
 - Deficiency appropriations
 - BPW contingent fund

Special funds

- ❑ From DEDICATED fund sources
- ❑ Restricted use
- ❑ MAY BE added by budget amendment
- ❑ Legal authority
 - specific statutory authority
 - Funds granted and restricted by donor

Federal funds

- ☐ DIRECTLY from Federal Government
- ☐ Used in accordance with Federal requirements
- ☐ MAY BE added by budget amendment

Reimbursable funds

- ❑ When one agency uses the services of another and reimburses the cost
- ❑ Authorized by budget language
 - On a program-by-program basis
- ❑ May be increased administratively
 - Legislative notice and review for GOCCP

Remember

- ☐ You are not supposed to spend money without an appropriation.

The Budget Amendment Process

Purposes for Budget amendments

- ☐ Re-allocate existing appropriation
- ☐ Implement re-organizations
- ☐ Add non-general funds

Budget amendment process

- ☐ Agency head submits
- ☐ DBM reviews
- ☐ Legislative review
 - Sometimes (more on this later)
- ☐ Governor approves
- ☐ Comptroller implements in accounts
- ☐ Copies to:
 - Originating agency, DLS, DBM, Comptroller

Legislative review

Budget Bill Sec. 24

- ☐ Increases non-general funds more than \$100,000
- ☐ Up to 45-days for review and comment
- ☐ Requires federal fund amendments over \$100,000 to include documentation for funds (i.e., an award letter) certified by DBM

Legislative review – Sec. 24

☐ Exceptions

- Federal disaster assistance
- “Sunny day” fund project approved by Legislative Policy Committee
- “Major IT Development Project” funds approved by budget committees

“Thou Shalt Not’s” more Sec. 24

- ☐ Restore funding for items specifically cut by legislature
- ☐ Fund a capital project not authorized by legislature
- ☐ Increase scope of a capital project more than 7.5% in dollars or 5% in square feet
- ☐ Fund position reclassifications of more than \$100,000

Reimbursable Fund Budget Amendments

- Grant funds received by one agency, to be distributed to another agency, may require two budget amendments & BPW approval
 - One amendment increases special or federal funds in the distributing agency (e.g., Military-MEMA)
 - BPW approval now needed to add reimbursable funds
 - If the program had no RF in the enacted budget
 - Once the BPW has approved funds, DBM can process an RF amendment without further review, and copy DLS

Lessons for Grant Budgeting

☐ Plan ahead

- Get funding in your agency budget request if possible
- Start on budget amendments early

☐ Touch bases

- DBM
- DLS
- Granting entity

Grant Landmines

- ❑ The gift we can't afford
- ❑ Policy implications
- ❑ Stepping on toes
 - Legislative process
 - Other agencies

Related requirements to beware, we mean BE AWARE of

- ☐ Procurement
- ☐ Personnel
- ☐ IT Development
- ☐ Accounting
- ☐ Grant requirements
 - Reporting
 - Matching funds
 - Maintenance of effort/non-supplantation